

Health Care Reform House File 2539

FINAL ACTION

April 25, 2008

Executive Summary Only

An Act relating to health care reform including health care coverage intended for children and adults, health information technology, long-term living planning and patient autonomy in health care, preexisting conditions and dependent children coverage, medical homes, prevention and chronic care management, disease prevention and wellness initiatives, health care transparency, health care access, the direct care workforce, making appropriations, and including effective date and applicability provisions.

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available on line at <http://www3.legis.state.ia.us/noba/index.jsp>

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**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 2539
HEALTH CARE REFORM**

**FUNDING SUMMARY AND FISCAL
IMPACT OF HF 2539**

- House File 2539 provides General Fund appropriations of \$6.7 million and 12.0 FTE positions for FY 2009, \$14.8 million for FY 2010, and \$24.8 million for FY 2011. In addition, the provision covering dependent children through the age of 25 is estimated to increase State Government benefit costs by \$1.0 million annually in FY 2009 and FY 2010. There is no appropriation for this provision.
- House File 2539 requires the Department of Human Services (DHS) to provide continuous eligibility for twelve months for children enrolled in the Medicaid Program. This is estimated to cost \$2.0 million beginning in FY 2009. Funding has been provided for this provision in SF 2425 (FY 2009 Health and Human Services Appropriations Bill).
- House File 2539 requires the DHS, in cooperation with the Insurance Division, to create a plan for a demonstration project to provide direct care workers with premium assistance for health insurance. It is estimated that this provision, if implemented, would cost \$750,000 for the first year and \$800,000 for the second year. There is no appropriation for this provision.
- According to Wellmark Blue Cross and Blue Shield of Iowa, the impact to the small group market statewide could increase premiums between 0.10% and 0.45% or between \$600,000 and \$2.4 million. The impact to the individual market statewide could increase premiums between 0.06% and 0.30% or between \$250,000 and \$1.5 million.

DIVISION I

LEGISLATIVE INTENT

- Specifies the General Assembly's intent that the State progress toward a goal that all Iowans have health care coverage and specifies the following priorities:
 - Covering all children eligible for the Medical Assistance (Medicaid) and the Healthy and Well Kids in Iowa (hawk-i) Programs by January 1, 2011 (FY 2011).
 - Creating a Healthy and Well Kids in Iowa (hawk-i) Expansion Program to cover children of families with income up to 300.0% of the federal poverty level (FPL) beginning in FY 2010.
 - Expanding the State Children's Health Insurance Program (SCHIP) to cover children of families with income up to 300.0% of FPL with cost sharing for families with incomes above 200.0% of the FPL. This provision is subject to receipt of additional federal funds.
 - Developing comprehensive insurance plans to provide affordable, unsubsidized health insurance through the Iowa Comprehensive Health Insurance Association to cover children not eligible for Medicaid, hawk-i, or the hawk-i Expansion Programs.
 - Decreasing health care costs and health care coverage costs through health insurance reforms.

DIVISION II

MEDICAID EXPANSION

- Expands Medicaid to infants with a family income at or below 300.0% of the Federal Poverty Level (FPL) beginning in FY 2010.

**EXECUTIVE SUMMARY
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**HOUSE FILE 2539
HEALTH CARE REFORM**

CONTINUOUS ELIGIBILITY

**INCOME TAX FORM FOR
DEPENDENT COVERAGE**

ANNUAL REPORT

HAWK-I EXPANSION

ENROLLMENT MAXIMIZATION

FUNDING

DIVISION III

**IOWA COMPREHENSIVE HEALTH
INSURANCE ASSOCIATION**

- Requires the DHS to provide continuous eligibility for children enrolled in the Medicaid Program for a period of 12 months.
- Requires the Department of Revenue to create a tax form for a taxpayer to indicate the presence of a dependent child and specify if that child has health care coverage.
- If the taxpayer does not have health care coverage for a dependent child and qualifies for Medicaid, hawk-i, or hawk-i Expansion, the Department of Revenue is required to work in cooperation with the DHS to notify them of available programs.
- The Department of Revenue, in cooperation with the DHS, is required to submit a report annually to the Governor and the General Assembly providing the following:
 - The number of families, by income level, claiming State income tax exemptions for dependent children.
 - The number of families, by income level, claiming state income tax exemptions for dependent children that also indicate the presence or absence of health care coverage for those children.
 - The effect of the tax form reporting requirements on the number of children that are uninsured.
- Creates the hawk-i Expansion Program beginning in FY 2010 by covering children of families with income between 200.0% and 300.0% of the FPL and provides for monthly premiums based on family incomes. This provision will require 100.0% State funds.
- Requires the Department of Human Services (DHS) to expand the hawk-i Program to cover children of families with income up to 300.0% of the FPL with cost sharing for families with income above 200.0% of the FPL when federal funding becomes available.
- Requires the DHS, in collaboration with various State agencies and consumer advocacy groups, to develop a plan to maximize enrollment and retention of eligible children in the Medicaid, hawk-i, and hawk-i Expansion Programs.
- Provides a General Fund appropriation to the Department of Human Services of \$4.8 million for FY 2009, \$14.8 million for FY 2010, and \$24.8 million for FY 2011 for the Medicaid, hawk-i, and hawk-i Expansion Programs.
- Creates the Iowa Choice Health Care Coverage Advisory Council to assist the Iowa Comprehensive Health Insurance Association.
- Requires the Association, in cooperation with the Advisory Council, to develop a comprehensive health care coverage plan that:
 - Utilizes and modifies existing public programs to provide access to private unsubsidized, affordable health insurance for children.

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**HOUSE FILE 2539
HEALTH CARE REFORM**

**IOWA COMPREHENSIVE HEALTH
INSURANCE ASSOCIATION
(CONTINUED)**

REQUIRED REPORT

DIVISION IV

**BUREAU OF HEALTH INSURANCE
OVERSIGHT**

DIVISION V

**IOWA ELECTRONIC HEALTH
INFORMATION COMMISSION**

DIVISION VI

END-OF-LIFE CARE

**LONG-TERM LIVING PLANNING
TOOLS – PUBLIC CAMPAIGN**

- Recommends options for covering all children less than 19 years of age with family incomes greater than 300.0% and for adults and families that would not otherwise qualify for public programs.
- Defines what constitutes affordable and recommend benefits for both children and adults with the goal that contribution requirements do not exceed more than 2.0% of family income per child and 6.5% per family.
- Requires the Association to submit a comprehensive plan to the Governor and the General Assembly by December 15, 2008.
- Creates a Bureau of Health Insurance Oversight in the Insurance Division of the Department of Commerce and specifies duties relating to uniformity and transparency of health insurance operations.
- Provides a General Fund appropriation of \$80,000 to the Insurance Division of the Department of Commerce for FY 2009 for the Bureau of Health Insurance Oversight.
- Replaces the Electronic Health Information Council with the Iowa Electronic Health Information Commission in the Department of Public Health. Specifies membership and duties of the Commission.
- Requires the Commission to create an Advisory Council to assist the Commission with health information technology duties.
- Requires the Commission to adopt a statewide health information technology plan by January 1, 2009.
- Requires health care professionals to utilize a single patient identifier or alternative mechanism by January 1, 2010.
- Requires a standard continuity of care record by January 1, 2010.
- Requires the Iowa Communications Network to provide access to the Iowa Hospital Association. Requires the Association to be responsible for the related cost.
- Repeals the Electronic Health Records System Task Force.
- Provides a General Fund appropriation of \$191,000 and 2.0 FTE positions to the Department of Public Health for FY 2009 for the Iowa Electronic Health Information Commission.
- Provides a General Fund appropriation of \$10,000 to the Department of Elder Affairs for FY 2009 to develop educational information for end-of-life care.
- Requires the Department of Elder Affairs to research existing long-term living planning tools to increase quality of life and develop a public education campaign strategy.

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HEALTH CARE REFORM**

LONG-TERM LIVING PLANNING
TOOLS – PUBLIC CAMPAIGN
(CONTINUED)

PATIENT AUTONOMY PILOT
PROJECT

DIVISION VII

REIMBURSEMENT ACCOUNTS

CONTINUATION OF DEPENDENT
COVERAGE

PRE-EXISTING CONDITIONS

DIVISION VIII

MEDICAL HOME

DENTAL HOME

DIVISION IX

PREVENTION AND CHRONIC CARE
MANAGEMENT

CLINICIAN ADVISORY PANEL

- Requires the Department to implement a long-term care options public education campaign.
- Provides a General Fund appropriation of \$75,000 to the Department of Elder Affairs for FY 2009 for the long-term care options public education campaign.
- Requires the Department of Public Health to establish a two-year community coalition for patient treatment wishes across the health care continuum pilot project in Cedar Rapids. The Department is required to convene an Advisory Council and provides for limitations of the project.
- Requires the Commissioner of Insurance to assist employers with 25 or fewer employees with implementing and administering Section 125 plans including Medical Expense Reimbursement Accounts and Dependent Care Accounts.
- Requires various insurers regulated by the State to permit existing health care coverage to continue for certain dependent child through 25 years or while the child is still a full-time student.
- Requires individual policies or contract of accident and health insurance to waive any time period applicable to pre-existing condition exclusion, provided that the qualifying previous coverage was continuous to a date no more than sixty-three days prior to the effective date of the new policy or contract.
- Requires the Department of Public Health to create and implement a Medical Home System that is focused on reducing disparities in health care, improving quality, reducing costs, and promoting sustainability.
- Creates a Medical Home Advisory Council to assist the Department of Public Health in developing and implementing a Medical Home System.
- Provides a General Fund appropriation of \$166,000 and 4.0 FTE positions to the Department of Public Health for the administrative cost of the Medical Home System for FY 2009.
- Extends the date for implementation of a Dental Home for every child on the Medicaid Program that is 12 years or younger from July 1, 2008, to December 31, 2010.
- Adds duties regarding the implementation of the Prevention and Chronic Care Management requirements to the State Board of Health.
- Provides a General Fund appropriation of \$191,000 to the Department of Public Health for FY 2009 for the administrative cost relating to the Prevention and Chronic Care Management provisions.
- Requires the Director of the DPH to convene a Clinician Advisory panel to advise the Department on appropriate, evidence-based practices regarding the implementation of the Medical Home.

**EXECUTIVE SUMMARY
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HEALTH CARE REFORM**

DIVISION X

FAMILY OPPORTUNITY ACT

- Implements the Family Opportunity Act that adds a Medicaid buy-in provision for individuals less than 19 years of age with disabilities whose family income or resources are at or below 300.0% of FPL. The Bill also charges a premium to families between 100.0% and 300.0% of FPL.
- Funding has been provided for this provision in SF 2425 within the Medicaid appropriation.

DIVISION XI

MEDICAID QUALITY IMPROVEMENT

- Establishes a Medicaid Quality Improvement Council to evaluate the clinical outcomes and satisfaction of consumers and providers.

DIVISION XII

**HEALTH AND LONG TERM CARE
ACCESS**

- Coordinates public and private efforts to develop and maintain an appropriate health care delivery infrastructure including:
 - Develop a strategic plan for health care delivery infrastructure and health care workforce resources in the State.
 - Provide for the continuous collection of data to provide a basis for health care planning and policymaking.
 - Make recommendations regarding the health care delivery infrastructure.
- Provides a General Fund appropriation of \$172,000 and 3.0 FTE positions to the Department of Public Health for FY 2009 for health care access requirements.

DIVISION XIII

**HEALTHY COMMUNITIES
INITIATIVES**

- Establishes a grant program to promote healthy lifestyles.
- Provides a General Fund appropriation of \$900,000 and 3.0 FTE positions to the Department of Public Health for FY 2009 for Healthy Communities Initiatives Grants to be distributed beginning January 1, 2009.

**GOVERNOR'S COUNCIL ON
PHYSICAL FITNESS**

- Creates a Governor's Council on Physical Fitness to develop a strategy for implementation of the statewide comprehensive plan developed by the existing statewide initiative to increase physical activity, improve physical fitness, improve nutrition, and promote healthy behaviors.
- Provides a General Fund appropriation of \$112,000 to the Department of Public Health for FY 2009 for the Governor's Council on Physical Fitness.

**WELLNESS TAX CREDIT
PROGRAM**

- Requires the Department of Public Health, in cooperation with the Insurance Division and the Department of Revenue, to develop a plan to provide a tax credit to small businesses that provide qualified wellness programs to improve the health of their employees.

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HEALTH CARE REFORM**

DIVISION XIV

HEALTH CARE TRANSPARENCY

- Requires nonprofit hospitals and nursing facilities in the State to submit a copy of the Internal Revenue Service 990 Form each year to the Department of Public Health and the Legislative Services Agency.
- Creates a health care quality and cost transparency workgroup to develop recommendations for legislation and policies regarding health care quality and cost including measures to be utilized in providing transparency to consumers of health care.

DIVISION XV

**DIRECT CARE WORKER ADVISORY
COUNCIL**

- Requires the Director of the Department of Public Health to appoint a Direct Care Worker Advisory Council to advise the Director regarding regulation and certification of direct care workers based on the work of the Direct Care Workers Task Force.
- Requires the Council to submit a report to the Director by November 30, 2008.

**DIRECT CARE WORKER
COMPENSATION ADVISORY
COMMITTEE**

- Requires the Department of Human Services to convene a Direct Care Worker Compensation Advisory Committee and specifies the duties of the Council.
- Requires the Committee to submit a report to the Governor and the General Assembly by December 12, 2008.

**DIRECT CARE WORKER TURNOVER
REPORT**

- Requires the Department of Human Services to obtain nursing facility Medicaid data to analyze nursing facility employee turnover.
- Requires a report by December 1, 2008.

**HEALTH CARE COVERAGE
DEMONSTRATION PROJECT**

- Requires the Department of Human Services to design a two-year project to provide premium assistance for up to 250 nonlicensed direct care workers, if approved by the General Assembly. This is estimated to cost \$750,000 in the first year of the demonstration and \$800,000 in the second year. There is no appropriation provided for this provision.

EFFECTIVE DATES

- The following are effective on enactment:
 - The Section creating a health care quality and cost transparency workgroup.
 - Division XV related to the direct care workforce.

ENACTMENT DATE

- This Bill was approved by the General Assembly on April 25, 2008.

Summary Data

General Fund

	Actual FY 2007 <u>(1)</u>	Estimated FY 2008 <u>(2)</u>	Senate Action FY 2009 <u>(3)</u>	House Action FY 2009 <u>(4)</u>	Final Action FY 2009 <u>(5)</u>	Final Action vs. Est 2008 <u>(6)</u>
Administration and Regulation	\$ 0	\$ 0	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Health and Human Services	0	0	6,616,000	6,616,000	6,616,000	6,616,000
Grand Total	\$ 0	\$ 0	\$ 6,696,000	\$ 6,696,000	\$ 6,696,000	\$ 6,696,000

Administration and Regulation General Fund

	Actual FY 2007 <u>(1)</u>	Estimated FY 2008 <u>(2)</u>	Senate Action FY 2009 <u>(3)</u>	House Action FY 2009 <u>(4)</u>	Final Action FY 2009 <u>(5)</u>	Final Action vs. Est 2008 <u>(6)</u>
<u>Commerce, Department of</u>						
Insurance Division						
Bureau of Health Insurance Oversight	\$ 0	\$ 0	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Total Commerce, Department of	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>
Total Administration and Regulation	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>

Health and Human Services General Fund

	Actual FY 2007 <u>(1)</u>	Estimated FY 2008 <u>(2)</u>	Senate Action FY 2009 <u>(3)</u>	House Action FY 2009 <u>(4)</u>	Final Action FY 2009 <u>(5)</u>	Final Action vs. Est 2008 <u>(6)</u>
<u>Elder Affairs, Department of</u>						
Elder Affairs, Department of						
End of Life Decision Making	\$ 0	\$ 0	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Long Term Care Education	0	0	75,000	75,000	75,000	75,000
Total Elder Affairs, Department of	\$ 0	\$ 0	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000
<u>Public Health, Department of</u>						
Public Health, Department of						
Iowa Health IT	\$ 0	\$ 0	\$ 190,600	\$ 190,600	\$ 190,600	\$ 190,600
Medical Home	0	0	165,600	165,600	165,600	165,600
Health Care Access	0	0	172,200	172,200	172,200	172,200
Healthy Communities	0	0	900,000	900,000	900,000	900,000
Council On Phy. Fitness	0	0	112,100	112,100	112,100	112,100
Prev. and Chronic Care Management	0	0	190,500	190,500	190,500	190,500
Total Public Health, Department of	\$ 0	\$ 0	\$ 1,731,000	\$ 1,731,000	\$ 1,731,000	\$ 1,731,000
<u>Human Services, Department of</u>						
Human Services - Assistance						
Covering All Kids	\$ 0	\$ 0	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000
Total Human Services, Department of	\$ 0	\$ 0	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000
Total Health and Human Services	\$ 0	\$ 0	\$ 6,616,000	\$ 6,616,000	\$ 6,616,000	\$ 6,616,000

Summary Data

FTE

	Actual FY 2007 (1)	Estimated FY 2008 (2)	Senate Action FY 2009 (3)	House Action FY 2009 (4)	Final Action FY 2009 (5)	Final Action vs. Est 2008 (6)
Health and Human Services	0.00	0.00	12.00	12.00	12.00	12.00
Grand Total	0.00	0.00	12.00	12.00	12.00	12.00

Health and Human Services

FTE

	Actual FY 2007 <u>(1)</u>	Estimated FY 2008 <u>(2)</u>	Senate Action FY 2009 <u>(3)</u>	House Action FY 2009 <u>(4)</u>	Final Action FY 2009 <u>(5)</u>	Final Action vs. Est 2008 <u>(6)</u>
<u>Public Health, Department of</u>						
Public Health, Department of						
Iowa Health IT	0.00	0.00	2.00	2.00	2.00	2.00
Medical Home	0.00	0.00	4.00	4.00	4.00	4.00
Health Care Access	0.00	0.00	3.00	3.00	3.00	3.00
Healthy Communities	0.00	0.00	3.00	3.00	3.00	3.00
Total Public Health, Department of	<u>0.00</u>	<u>0.00</u>	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>
Total Health and Human Services	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>12.00</u></u>	<u><u>12.00</u></u>	<u><u>12.00</u></u>	<u><u>12.00</u></u>